Mining companies operating in Ghana have petitioned Parliament in an attempt to get the House to take a second look at what they describe as “gargantuan” ground rent imposed on them by the Office of the Administrator of Stool Lands (OASL). The companies argue that the decision to upwardly review the ground rent was taken by the OASL without consultation with the mining industry hence the difficulty in accepting the new rates.

OASL which is mandated by Article 267 (2) of the 1992 Constitution and the Office of the Administrator of Stool Lands Act 1994 (Act 481) to collect stool land revenue and to disburse same to the beneficiaries, has raised ground rent from 50 pesewas per acre to GhC36.6 arguing that the old rate did not make economic sense.

“It's too gargantuan and we are pleading with the Administrator of Stool lands to look at it again.” said Mr Sulemana Koney, the Director of Analysis, Research and Finance at the Chamber of Mines, in an interview with Public Agenda on Tuesday. Mr Koney disclosed that the Chamber had petitioned Parliament and copied the office of the OASL to look at ways of reviewing it downwards.

Ground rent is the annual payments made by mining and other companies to the owners of the land through the OASL. OASL stopped collecting the rate from the mining companies over the years as the amount was so low it did not make economic sense to spend so much in collecting such small amounts.

The ground rents are revised periodically to take care of inflation, the depreciation of the local currency and the price appreciation of the land over time. Usually, the lease agreement stipulates the frequency of the revision. However on average, rent revisions are of 5 year intervals.

Since 1986 the rent had not been reviewed until in August 2012, when a legislation was passed for it to be adjusted upwards. Even before the new law came into effect in January this year, reports of the Ghana Extractive Industry Transparency Initiative (EITI) indicates that most of the mining companies were not even paying the paltry 50 pesewas.

The Lead for Mining Schedule at OASL, Dr. Gad Akwensivie, indicated that any company that refused to pay the ground rent as prescribed by the law would be deemed as flouting the law and would be dealt with accordingly. Dr Akwensivie added, “It is a law and every holder of mining right must obey.”

He said: “It is obvious that the review of the rent has been outstanding for over 20 years and you will realise that the last time this was reviewed was sometime in 1986 when it was fixed at 5000 old Ghana cedis, today you will, want to equate that to 50 pesewas.” He told Public Agenda that the process for the review started sometime in 2010 following some pressures from stakeholders and some chiefs.

“In fact we realised that there was the need to do something about it. A team was put together and stakeholders met to review it. So, now, instead of 50 pesewas it's now GHC36.60 per acre. This translates into about GHC9, 016.00 per square kilometer." However, he said, information reaching the OASL from the regions indicated that mining companies were not paying the rent. “We have received information from the regions that the demand has not been honoured. This is the problem at our hand at the moment,” he lamented.